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Message Text

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15
ACTION EB-07

INFO OCT-01 EA-07 ISO-00 TRSE-00 FRB-03 OMB-01 COME-00 L-03

CIAE-00 INR-07 NSAE-00 STR-04 /033 W
---------- 090452
R 041010Z NOV 76
FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 5644
INFO AMCONSUL HONG KONG
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
AMEMBASSY SEOUL
AMEMBASSY TAIPEI
AMEMBASSY TOKYO

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PASS TREASURY, FEDERAL RESERVE

E.O. 11652: N/A
TAGS: EFIN, TH
SUBJECT: ANTI-BOYCOTT LEGISLATION

1. BANK OF AMERICA BRANCH HERE REPORTS SERIOUS PROBLEMS STEMMING FROM CALIFORNIA ANTI-BOYCOTT LAW. FEDERAL LEGISLATION WILL COVER MUCH THE SAME GROUND, BUT CALIFORNIA LAW IS BELIEVED BY B OF A TO BE MORE RESTRICTIVE.

2. BY THE CALIFORNIA LAW, B OF A IS PROHIBITED FROM HANDLING A LETTER OF CREDIT CONTAINING BOYCOTT CLAUSES. BANK REGARDS LAW AS EFFECTIVE ON L/C'S OPENED FROM NOVEMBER 3. PENALTIES FOR VIOLATION INCLUDE $1 MILLION FINE ON CORPORATION AND UP TO $100,000 FINE PLUS THREE YEAR IMPRISONMENT FOR INDIVIDUAL OFFICERS. OVER 30 PERCENT OF EXPORT L/C'S HANDLED BY B OF A BRANCH HERE CONTAIN BOYCOTT CLAUSES.

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3. BANKS NORMALLY RECEIVE FIRST ADVICE OF L/C IN SHORT-

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FORM TELEX WHICH DOES NOT CONVEY BOYCOTT INFORMATION. IN FIRST INSTANCE OF SUSPECT L/C, WHICH HAPPENS TO INVOLVE ISRAELI BOYCOTT DIRECTED AGAINST ARABS, B OF A HAS REFUSED TO ACT ON ADVISORY TELEX, LEADING L/C BENEFICIARY, A THAI LAWYER, TO THREATEN SUIT "UNDER INTERNATIONAL LAW."

4. B OF A OFFICERS BELIEVE THAT ANTI-BOYCOTT LEGISLATION WILL NOT ONLY COST LOSS OF SUBSTANTIAL BUSINESS TO FOREIGN BANKS BUT MAY AROUSE CONFLICT WITH THAI AUTHORITIES, SINCE BANK'S CHARTER OBLIGES IT IN STRONG TERMS TO ASSIST THAI EXPORTERS.

5. B OF A OFFICIAL FROM MANILA WHO WAS PRESENT SAID HE EXPECTS SHARP REACTION FROM PHILIPPINE GOVERNMENT. B OF A LOCAL MANAGER THINKS PROBLEM WILL ALSO BE ACUTE IN HONG KONG, SINGAPORE, AND TOKYO.
WHITEHOUSE

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Message Attributes

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